(21) AV 4 IT-US R

INCOMING TELEGRAM Department of State

46

DECLASSIFIED

CONFIDENTIAL

Action E Info SS L H EUR P NSC INR CIA NSA DOD CAB COM DOT FAA RSR

VZCZCFHA453VV ROA162

032439

OO RUEHC
DE RUFHRO 6405 1511745
ZNY CCCCC
O R 311730Z MAY 67
FM AMEMBASSY ROME
TO RUEHC/SECSTATE WASHDC IMMEDIATE
INFO RUFNCR/AMEMBASSY PARIS
STATE GRNC
BT
C O N F I D E N T I A L ROME 6405

1967 MAY 31 PM 2 39

DEPARTMENT OF STATE A/CDC/HR
REVIEWED BY 445 DATE MAY 1982
RDS☐or XDS☐EXT. DATE
TS AUTH REASON(S)
ENFORCE EXISTING MARKINGS ☐
DECLASSIFIED☐ RELEASABLE☐
RELEASE DENIED☐
PA or FOI EXEMPTIONS

Rome 6405

SUBJECT: CIVAIR

REF: ROME 6365

1. DEPT MAY WISH PROCESS FOLLOWING TEXT FOR POSSIBLE USE AS UNILATERAL DEPT PRESS RELEASE IN EVENT AGREEMENT NOT EXTENDED. IN LIGHT SLANTED ARTICLES ALREADY APPEARING IN ITALIAN PRESS, USDEL BELIEVES IT WOULD BE USEFUL DISCLOSE THESE FACTS TO PRESS. WE HAVE NOT AGREED WITH ITALIANS ON JOINT PRESS RELEASE (SEE REFTEL), WHICH SHOULD CERTAINLY PRECEDE ANY RELEASE SUCH AS ABOVE. THEREFORE WE WILL BE ADVISING DEPT LATER RE TIMING OF POSSIBLE RELEASE.

2. TEXT OF DRAFT PRESS RELEASE IS AS FOLLOWS:
BEGIN TEXT: FOR THE PAST SEVERAL MONTHS DELEGATIONS REPRESENTING USA AND ITALY HAVE BEEN ACTIVELY ENGAGED IN EFFORTS TO CONCLUDE NEW CIVIL AIR TRANSPORT AGREEMENT BETWEEN THE TWO COUNTRIES. THESE EFFORT

PAGE 2 RUFHRO 6405 C O N F I D E N T I A L
WERE MADE NECESSARY BY ITALIAN DENUNCIATION LAST YEAR OF THE EXISTING AGREEMENT, ORIGINALLY CONCLUDED IN 1948 AND SUBSEQUENTLY AMENDED TO ADD NEW ROUTE OPPORTUNITIES FOR ITALY. PURSUANT TO THE ITALIAN DENUNCIATION, THE AGREEMENT TERMINATED MAY 31. THE TALKS HAVE NOT RESULTED IN CONCLUSION OF A NEW AGREEMENT.

IN THESE TALKS ITALY TOOK THE POSITION THAT THE ROUTE OPPORTUNITIES CURRENTLY AVAILABLE TO THE ITALIAN AIR CARRIER WERE CONSIDERABLY LESS VALUABLE THAN THOSE AVAILABLE TO AMERICAN CARRIERS. ITALY IS A POINT OF SIGNIFICANT IMPORTANCE AS A DESINATION OF INTERNATIONAL AIR TRAFFIC FROM THE US AS WELL AS AN IMPORTANT STOPOVER POINT FOR TRAFFIC DESTINED FROM THE US TO POINTS BEYOND ITALY. IN AN EFFORT TO MEET ITALIAN REQUIREMENTS FOR SUBSTANTIAL NEW ROUTE OPPORTUNITIES, THE UNITED STATES OFFERED TO CONCEDE TO ITALY THE RIGHTS IT NOW ENJOYS FOR SERVICES FROM

CONFIDENTIAL

DECLASSIFIED

DECLASSIFIED

ITALY TO NEW YORK, BOSTON, AND CHICAGO PLUS A NEW ROUTE OF GREAT ECONOMIC VALUE FROM ITALY TO LOS ANGELES AND ON TO JAPAN AND BACK TO ITALY AROUND THE WORLD. SUCH A ROUTE WOULD NOT ONLY VASTLY INCREASE THE OPPORTUNITIES FOR EARNINGS BY THE ITALIAN CARRIER BUT WOULD MAKE IT ONE OF A HANDFUL OF AIRLINES WITH RIGHTS TO PROVIDE ROUND THE WORLD SERVICES VIA THE US.

 DECLASSIFIED

THE ITALIAN DELEGATION, HOWEVER, REJECTED THE US ROUTE OFFER AS INSUFFICIENT AND INSISTED ON RECEIVING SUBSTANTIAL RIGHTS IN ADDITION TO THOSE PROPOSED BY THE US DELEGATION. THE ADDITIONAL RIGHTS DEMANDED BY ITALY WOULD HAVE SERIOUSLY UNBALANCED THE VALUE OF THE ROUTE GRANTS IN FAVOR OF ITALY, AND FOR THIS REASON, THE US DELEGATION WAS UNABLE TO ACCEDE TO THESE ADDITIONAL DEMANDS.

COMMERCIAL AGREEMENTS, SUCH AS CIVIL AIR TRANSPORT AGREEMENTS, ARE NEGOTIATED ON THE BASIS OF ECONOMIC RECIPROCITY. THAT IS, THE FAIRNESS OR RECIPROCITY OF A PARTICULAR EXCHANGE IS MEASURED BY THE RELATIVE OPPORTUNITIES ACCORDED AIRLINES OF EACH PARTY TO REALIZE INCOME FROM THE ROUTE RIGHTS EXCHANGED BY THE PARTIES. THE US DELEGATION BELIEVES STRONGLY THAT THE OPPORTUNITIES TO ACCRUE REVENUE THAT WOULD BE ACCORDED THE ITALIAN CARRIER UNDER THE US OFFER WHICH INCLUDED A ROUND THE WORLD ROUTE WOULD IN FACT EXCEED SUBSTANTIALLY THOSE ACCORDED US AIRLINES IF ALL US ROUTE REQUESTS WERE GRANTED. THE ITALIAN DELEGATION DID NOT DISPUTE THIS POINT.

SINCE BOTH COUTNRIES NORMALLY EXCHNAGE CIVIL AIR SERVICES WITH OTHER COUNTRIES ONLY PURSUANT TO BILATERAL AGREMENTS, THE TERMINATION OF THIS AGREEMENT HAS REMOVED THE TRADITIONAL LEGAL BASIS FOR AIR SERVICES BETWEEN THE TWO COUNTRIES BY US AND ITALIAN AIR CARRIERS.

 DECLASSIFIED

ACCORDINGLY, EACH GOVERNMENT MAY, IN LIGHT OF ITS APPLICABLE LAWS AND CIVIL AVIATION POLICIES, DETERMINE WHETHER AND UNDER WHAT CONDITIONS SUCH SERVICES SHOULD BE PERMITTED. END TEXT

3. PLEASE CABLE TEXT OF ANY DEPT RELEASE ISSUED (OR CHANGES FROM ABOVE TEXT IF THAT IS EASIER).

GP-3. REINHARDT

NOTE: ADVANCE COPY TO S/S-O 5-31-67 2:50 PM
PASSED WHITE HOUSE, USIA 5-31-67 2:50 PM

DECLASSIFIED